

Schedule and Process for Review and Adoption of Rates

Approved by the Electric Utility Commission on April 18, 2011

This document, which is revised based on the discussion at the March 21, 2011 meeting of the Electric Utility Commission (EUC), accompanies the proposed Council Resolution Providing a Process for the Adoption of Rates. The proposed Council Resolution presents the process at a high level, while this document provides greater detail of the process.

Objectives of the Review Process

The process adopted by the City Council for review and approval of rates should recognize and promote the goals and objectives of Austin Energy and the City of Austin. The process will provide public transparency and involvement, allow for sufficient public vetting of the issues, provide for adequate due process, and use wisely the time and resources of all involved—from the general public to the Council itself.

Schedule of EUC Briefings

Over the spring and summer of 2011, Austin Energy will present briefings at the regularly scheduled meetings of the EUC on key issues arising in the rate review, according to the following schedule:

March—Proposed Consolidated Rate Classes and Cost Allocation Alternatives (completed)

April—Preliminary Revenue Requirement

May—No rate review briefing so the EUC may receive the Five-Year Forecast

June—Preliminary Residential Rate Design

July—Preliminary Commercial and Industrial Rate Design

August—Outstanding Issues and Organizational Discussion for EUC's Formal Review

Each meeting will provide an opportunity for public comment on the presentation topic.

Release of AE Recommendations for Public Review

Over the course of the summer, Austin Energy staff will assemble its recommendations into a detailed Rate Analysis and Recommendations Report for release to the EUC and the public. The Rate Analysis and Recommendations Report will include the detailed cost of service analysis, including cost allocation, the adjusted revenue requirement, and rate design proposals. Accompanying the report, Austin Energy will submit a summary of input discussed at the meetings of the Public Involvement Committee and the final report of the Residential Rate Advisor. Austin Energy will also provide the Commission with a draft "Decision Point List." The Decision Point List is a list of key issues for consideration by the EUC in its review, which will be developed with input from the Commission over the summer and may be expanded

during the course of the EUC process. The Decision Point List will include Austin Energy's recommendations and the positions of participants in the EUC process. The Decision Point List can serve as a framework for discussion of issues through the EUC process and will ultimately memorialize the decisions/recommendations of the EUC for submission to the Council. (A sample of a Decision Point List from the 1994 rate review is included in this package.)

Austin Energy will host a special meeting of the Electric Utility Commission on September 1st, to which the public and the members of the Public Involvement Committee will be invited. At that meeting, Austin Energy staff will present the Rate Analysis and Recommendations Report. Following that meeting, the full Rate Analysis and Recommendations Report will be made available to the public for review.

Public Notice

Austin Energy will provide formal, public notice of the meeting in September to release the Rate Analysis and Recommendations Report, the schedule of meetings of the EUC and Council, and the process for public participation. Notice will be published in newspapers having general circulation throughout Austin Energy's service territory and on the Austin Energy website. Austin Energy will also notify, via e-mail, members of the Public Involvement Committee and other individuals and organizations that have engaged with Austin Energy on these issues.

EUC Review and Decision Schedule

The EUC will hold four meetings—and additional meetings at its discretion—to analyze and make recommendations to the Council on Austin Energy's Rate Analysis and Recommendations Report. The meetings will cover revenue requirement, cost allocation, and rate design, among other issues. The EUC will convene as follows:

September 1—special meeting to receive and review AE's Rate Analysis and Recommendations Report.

September 19—regular meeting of the EUC.

October 3—special meeting of the EUC.

October 17—regular meeting of the EUC.

The Commission review will provide three alternatives for citizen comment. The first alternative is the existing process for citizens' communications, which allows any member of the community to make a statement before the Commission. A second alternative will allow any citizen to submit comments to the rate review website. The third option will allow a customer to request to provide formal comments to the Commission on issues arising in the rate review. These comments can take the form of oral and/or written presentations. Following public notice as described above, the Commission will at its September meeting, review these requests, and if

the number of commentors is such that the process could become unwieldy, the Commission will have the opportunity to align commentors with common class interests for allocation of speaking time.

At each meeting the EUC will receive briefings from Austin Energy and its consultants on the topics posted for that meeting. Austin Energy's briefings will be posted on the EUC portion of the City's Boards and Commissions Information Center three business days prior to meetings to allow the parties providing comments a reasonable amount of time to prepare their comments on AE's recommendations. The participating customers will then have the opportunity to make presentations or submit written comments. The oral briefings will allow customers the opportunity to present their recommendations without the burden associated with a full legal proceeding requiring testimony and cross examination of witnesses, while allowing for adequate opportunity for involvement. The commissioners will have the opportunity to ask questions of Austin Energy staff and participating customers. After the customer comments are heard, Austin Energy staff will respond to issues raised and clarify questions from participants or the Commission. This process will allow the EUC to hear both an explanation of Austin Energy's recommendations and receive input from the community in order to fairly weigh the issues at play and the different perspectives on those issues.

At each EUC meeting, time will be reserved for the Residential Rate Advisor to make a presentation or present comments from the perspective of residential consumers on the topics at issue for that meeting. The commissioners will have an opportunity to ask questions of the Residential Rate Advisor, and Austin Energy staff will be available to respond to issues raised and clarify questions from the Residential Rate Advisor or the Commission.

Final Recommendations of the EUC

At its regularly scheduled meeting on October 17, 2011—or at a meeting designated by the EUC—the Commission will complete its recommendations to the Council. The recommendations to Council will be memorialized in the “Decision Point List.” Austin Energy will assist the EUC in forwarding the final approved Decision Point List, as well as any other documents approved by the Commission to the City Council for its consideration.

City Council Review and Decision Schedule

Austin Energy's Rate Analysis and Recommendations Report—as may be revised following the EUC process—and the EUC recommendations will be presented to the City Council during at least one work session to be scheduled following completion of the EUC review. This will allow the Council time to address the rate request at its regularly scheduled meetings in November and December. The Council may take final action on the rate request at its December 15, 2011 meeting or at a meeting date set by the Council. Rates as adopted by the Council will be effective on or after January 2, 2012.